

Message Text

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JCS PRIORITY

USCINCEUR PRIORITY

CINCUSNAVEUR PRIORITY

CINCUSAFE PRIORITY

USNMR SHAPE PRIORITY

USDEL MC BRUSSELS PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 0892

LIMDIS

E.O. 11652: GDS

TAGS: MARR, PFOR, GR, US

SUBJECT: US-GREEK BASE NEGOTIATIONS - STATUS OF FORCES (SOFA)

SUMMARY: THE SOFA SUBGROUP HAS REACHED BASIC ACCORD ON THE COMPLETE TEXT OF A NEW SOFA. WASHINGTON APPROVAL OF A COMPROMISE RESOLUTION OF THE POV TAX ISSUE IS REQUESTED BY OPENING OF BUSINESS JANUARY 31. END SUMMARY

3. THE SOFA SUBGROUP MET IN EXTENDED SESSION ON JANUARY 27 AND SOUGHT TO REACH COMPROMISE ACCORD ON THE LAST TWO MAJOR ISSUES REMAINING TO BE RESOLVED, I.E., TAXES AND FEES ON POVS AND THE RATE OF CURRENCY EXCHANGE. THE US SIDE PROPOSED AN ANNUAL SUM OF \$80 FOR POV REGISTRATION, LICENSING AND ROAD USE TAXES. THE GREEKS COUNTERED WITH \$250. THE US ALSO REITERATED ITS POSITION THAT THE MEDIAN RATE OF EXCHANGE SHOULD CONTINUE TO APPLY TO OFFICIAL US FORCES CURRENCY TRANSACTIONS. THE GREEK SIDE THEN PROPOSED A COMPROMISE PREMISED ON THE ESTABLISHMENT OF A

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RATE OF EXCHANGE MIDWAY BETWEEN THE MEDIAN RATE AND THE

OFFICIAL BUYING OR SELLING RATE. THE US SIDE STATED THAT THIS RATE OF EXCHANGE COMPROMISE MIGHT BE ACCEPTABLE IF THE GREEKS WERE ABLE TO ADOPT A MORE FLEXIBLE ATTITUDE WITH RESPECT TO THE POV TAX ISSUE. BOTH SIDES AGREED TO STUDY THESE ISSUES FURTHER AND TURNED TO CONSIDER THE MATTERS OUTLINED IN PARAS 4 THROUGH 9 BELOW.

2. THE SOFA SUBGROUP RESUMED ITS DISCUSSION OF THE POV TAXES AND EXCHANGE RATE ISSUES ON JANUARY 29. THE US SIDE INQUIRED WHETHER ANY ENTITY, FOREIGN OR DOMESTIC, GOVERNMENTAL OR PRIVATE, IS ACCORDED A RATE OF CURRENCY EXCHANGE MORE FAVORABLE THAN THE CENTRAL BANK'S OFFICIAL BUYING AND SELLING RATE. THE GREEKS RESPONDED THAT, WITH THE EXCEPTION OF US FORCES IN GREECE AND THE US EMBASSY, THE CENTRAL BANK'S OFFICIAL BUYING AND SELLING RATE ARE THE MOST FAVORABLE EXTENDED TO ANY ENTITY IN GREECE. (OUR INDEPENDENT INQUIRIES TEND TO CONFIRM THE ACCURACY OF THIS STATEMENT.) THE US SIDE THEN STATED THAT IT COULD ACCEPT THE GREEK PROPOSAL OF A RATE MIDWAY BETWEEN THE MEDIAN RATE AND THE OFFICIAL BUYING AND SELLING RATE IF AGREEMENT COULD BE REACHED ON POV TAXES. THE GREEKS THEN PROPOSED THEIR "LAST AND FINAL" OFFER OF AN ANNUAL SUM OF \$150 PER VEHICLE. AFTER CONSIDERABLE FURTHER DISCUSSION, THE SUBGROUP AGREED TO SUBMIT THE FOLLOWING REDRAFT OF ARTICLE VII AND AGREED MINUTE, FOR CONSIDERATION BY THEIR RESPECTIVE GOVERNMENTS: QTE ARTICLE VII. PURSUANT TO ARTICLE X, PARAGRAPH 1, OF THE NATO STATUS OF FORCES AGREEMENT, MEMBERS OF THE UNITED STATES FORCES OR OF THE CIVILIAN COMPONENT, AND DEPENDENTS, SHALL BE EXEMPT FROM THE PAYMENT OF ANY TAXES OR FEES, ON THEIR PRIVATELY-OWNED MOTOR VEHICLES. SUCH VEHICLES SHALL CARRY LICENSE PLATES TO BE ACQUIRED FROM THE APPROPRIATE GREEK AUTHORITIES. TAXES PAYABLE IN RESPECT OF THE USE OF ROADS BY PRIVATE MOTOR VEHICLES, REFERRED TO IN ARTICLE XI, PARAGRAPH 6, OF THE NATO STATUS OF FORCES AGREEMENT, SHALL BE LIMITED TO LICENSING AND REGISTRATION FEES, CHARGES FOR SERVICES RENDERED, AND TOLLS IMPOSED FOR THE USE OF ROADS AND BRIDGES. UNQTE QTE AGREED MINUTE RE ARTICLE VII. IT IS UNDERSTOOD THAT LICENSING AND REGISTRATION FEES FOR PRIVATELY-OWNED AUTO-

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MOBILES AND MOTORCYCLES SHALL NOT EXCEED THE SUM OF \$20 PER VEHICLE, TO BE ASSESSED AT THE TIME OF IMPORTATION OR ACQUISITION IN GREECE. IT IS FURTHER UNDERSTOOD THAT OTHER TAXES PAYABLE IN RESPECT OF THE USE OF ROADS, EXCLUSIVE OF TOLLS IMPOSED FOR THE USE OF ROADS AND BRIDGES, SHALL NOT EXCEED AN ANNUAL SUM OF \$130 PER AUTOMOBILE AND \$55 PER MOTORCYCLE. UNQTE (COMMENT: REQUEST WASHINGTON APPROVAL OF THIS COMPROMISE

SOLUTION NOT LATER THAN OPENING OF BUSINESS ON JANUARY31,
ATHENS TIME. IT IS OUR CONSIDERED OPINION THAT THIS
FORMULATION REPRESENTS THE BEST RESULT THAT WE CAN HOPE
TO ACHIEVE ON THIS THORNY ISSUE. END COMMENT)

3. IF THE FOREGOING RESOLUTION OF THE POV TAX ISSUE IS
ACCEPTABLE, WE WOULD PROPOSE TO ADOPT THE GREEK RATE OF
EXCHANGE PROPOSAL BY MODIFYING PARAS 2 AND 3 OF DRAFT
ARTICLE VIII AS FOLLOWS:

QTE 1. EXCEPT AS MAY OTHERWISE BE SPECIFICALLY AGREED
BETWEEN THE TWO GOVERNMENTS, DRACHMAE TO BE USED FOR PAY-
MENTS IN GREECE BY THE UNITED STATES FORCES SHALL BE
ACQUIRED THROUGH THE CENTRAL BANK OR OTHER AGENCY DULY
DESIGNATED BY THE GREEK AUTHORITIES FOR THAT PURPOSE.
THE RATE OF EXCHANGE FOR DRACHMAE ACQUIRED WITH DOLLARS
SHALL BE RATE MIDWAY BETWEEN THE CENTRAL BANK'S OFFICIAL
BUYING RATE IN FORCE ON THE DAY OF THE TRANSACTION AND
THE MEDIAN RATE OF THAT DAY.

QTE.3. THE GOVERNMENT OF GREECE WILL, AT THE REQUEST OF
THE GOVERNMENT OF THE UNITED STATES, REPURCHASE AGAINST
DOLLARS ANY UNUTILIZED BALANCE OF DRACHMAE PREVIOUSLY
ACQUIRED BY THE UNITED STATES FORCES IN GREECE THROUGH THE
CENTRAL BANK OR OTHER DULY DESIGNATED AGENCY. THE
REPURCHASE WILL BE EFFECTED AT A RATE MIDWAY BETWEEN
THE CENTRAL BANK'S OFFICIAL SELLING RATE IN FORCE ON
THE DAY OF SUCH REPURCHASE AND THE MEDIAN RATE OF THAT
DAY. UNQTE.

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4. THE US SIDE WAS UNABLE TO OBTAIN GREEK ACCEPTANCE OF ITS PROPOSAL TO RECAST THE DRAFT AGREED MINUTE RE ARTICLE E, PARA 1 (MILITARY TOURISTS) TO PROVIDE THE GOG WITH A POWER TO VETO RATHER THAN REQUIRE GOG CONCURRENCE TO BE OBTAINED IN EACH INSTANCE. HOWEVER, THE GREEKS DID AGREE TO INCLUDE SPECIFIC REQUIREMENTS FOR PROMPT GOG ACTION ON US REQUESTS FOR APPLICATION OF THE MILITARY TOURIST PROVISIONS IN INDIVIDUAL CASES. THE FOLLOWING TEXT WAS AGREED AD REFERENDUM:
QUOTE: AGREED MINUTE RE ARTICLE I, PARAGRAPH 1: ACTIVE DUTY MILITARY PERSONNEL OF THE ARMED FORCES OF THE UNITED STATES WHO ARE TEMPORARILY IN GREECE ON MILITARY NON-DUTY ORDERS, AND THEIR DEPENDENTS WHO ACCOMPANY THEM, SHALL, WITH THE CONCURRENCE OF THE GOVERNMENT OF GREECE IN SPECIFIC CASES, BE ACCORDED THE STATUS OF A MEMBERS OF THE UNITED STATES FORCES IN GREECE, AND A DEPENDENT OF SUCH A MEMBERS, RESPECTIVELY, FOR PURPOSES OF ARTICLE VII OF THE NATO STATUS OF FORCES AGREEMENT AND ARTICLES II AND III OF THIS AGREEMENT, DURING SUCH VISIT. THE
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UNITED STATES MILITARY AUTHORITIES SHALL BE PROMPTLY NOTIFIED OF THE ARREST OF SUCH PERSONNEL OR THEIR DEPENDENTS BY THE GREEK AUTHORITIES. THE GREEK AUTHORITIES SHALL PROVIDE PROMPT AND TIMELY RESPONSE TO REQUESTS OF THE UNITED STATES AUTHORITIES FOR THE APPLICATION OF THIS AGREED MINUTE. UNQUOTE.

5. AT THE US REQUEST, THE GREEKS ACCEPTED THE FOLLOWING ADDITION TO THE AGREED MINUTE RE ARTICLE I, PARA 3 (RED CROSS, USO, CONTRACTOR PERSONNEL, ETC.):
QUOTE: SUCH PERSONNEL SHALL NOT BE CONSIDERED AS HAVING THE STATUS OF MEMBERS OF THE CIVILIAN COMPONENT FOR PURPOSES OF ARTICLE VIII OF THE NATO STATUS OF FORCES AGREEMENT OR OF ARTICLE X OF THIS AGREEMENT. UNQUOTE.
(COMMENT: THIS CHANGE CORRECTS AN OVERSIGHT IN THE PRIOR DRAFT AND EXCLUDES CONTRACTOR PERSONNEL, ETC., FROM NATO SOFA CLAIMS APPLICATION.)

6. THE GREEK SIDE ACCEPTED IN PRINCIPLE THE US PROPOSAL THAT THE SIZE OF THE CIVILIAN COMPONENT

BE RETAINED AT THE LEVEL OF ITS PRESENT COMPOSITION
(BETWEEN 23 PCT AND 24 PCT OF THE TOTAL CIVILIAN WORK FORCE)
WITH A SMALL MARGIN FOR SEASONAL FLUCTUATION, UNTIL
THE CONTEMPLATED REDUCTION OF DUAL NATIONALS TAKES
EFFECT 18 MONTHS SUBSEQUENT TO THE EFFECTIVE DATE OF
THE NEW AGREEMENT. THE GREEKS INSISTED HOWEVER THAT
THIS PROVISION WOULD CAUSE THEM GREAT DIFFICULTY IF
IT WERE INCORPORATED INTO THE AGREEMENT ITSELF OR AN
AGREED MINUTE THERETO. THEY AGREED HOWEVER TO ACCEPT
THIS PROPOSAL IN THE FORM OF A FORMAL EXCHANGE OF NOTES
BETWEEN THE HEADS OF DELEGATION. THE SUBSTANCE
OF SUCH AN EXCHANGE WAS AGREED AD REFERENDUM AS FOLLOWS:
QUOTE:IT IS FURTHER UNDERSTOOD THAT THE GOVERNMENT OF
GREECE AUTHORIZES THE CIVILIAN COMPONENT TO EXCEED TWENTY-
TWO AND ONE HALF PERCENT OF THE TOTAL CIVILIAN WORK FORCE
DURING AN INTERIM PERIOD OF EIGHTEEN MONTHS FROM THE
EFFECTIVE DATE OF THIS AGREEMENT. HOWEVER, DURING THAT
INTERIM PERIOD THE CIVILIAN COMPONENT SHALL NOT EXCEED
TWENTY-FIVE PERCENT OF THE TOTAL CIVILIAN WORK FORCE
WITHOUT THE EXPRESS CONSENT OF THE GOVERNMENT OF GREECE.
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UNQUOTE.

7. THE GREEKS PROPOSED AND THE US SIDE ACCEPTED AN
AGREED MINUTE RE ARTICLE VI, PARA 5 AS FOLLOWS:
QUOTE: IT IS UNDERSTOOD THAT FOR PURPOSES OF THIS PARA-
GRAPH, THE TERM "CHARGES" SHALL NOT INCLUDE CHARGES
LEVIED FOR SPECIFIC SERVICES RENDERED. UNQUOTE.
(COMMENT: THE US SIDE UNSUCCESSFULLY SOUGHT TO INCLUDE
THE WORDS "REQUESTED AND" PRIOR TO THE WORD "RENDERED".
THE GREEK SIDE POINTED OUT THAT THEIR PROPOSED LANGUAGE
IS TAKEN FROM ARTICLE 34 OF THE VIENNA CONVENTION ON
DIPLOMATIC RELATIONS. END COMMENT)

8. THE GREEKS PROPOSED AND THE US SIDE ACCEPTED THE
FOLLOWING ADDITION TO THE AGREED MINUTE RE ARTICLE VIII,
PARA 6:
QUOTE: IT IS FURTHER UNDERSTOOD THAT SUCH MILITARY
BANKING FACILITIES ARE NOT AUTHORIZED TO CONVERT
DRACHMAE INTO DOLLARS OR INTO ANY OTHER FOREIGN
CURRENCY, OR INTO INSTRUMENTS EXPRESSED IN DOLLARS
OR SUCH OTHER CURRENCY. UNQUOTE.
(COMMENT: THE US SIDE CONFIRMED THAT THIS RESTRICTION
IS CONSISTENT WITH CURRENT PRACTICE AT THE EXISTING
US MILITARY ANKING FACILITIES IN GREECE. 3,\$:9..3,5)

9. THE GREEK SIDE REQUESTED THAT THE EXTENSION OF
POSTAL, BANKING AND COMMISSARY/EXCHANGE PRIVILEGES TO
EMBASSY AND JUSMAGG PERSONNEL, AS NOW CONTEMPLATED BY

DRAFT AGREED MINUTES TO ARTICLES V, VI, AND VIII, BE COMBINED IN A SEPARATE EXCHANGE OF NOTES TO BE ATTACHED TO THE SOFA, RATHER THAN APPEAR IN THE SOF OR ITS AGREED MINUTES. THE US SIDE AGREED TO THIS REQUEST AND UNDERTOOK TO PREPARE THE TEXT OF SUCH AN EXCHANGE.

10. SUBJECT TO ACCEPTANCE BY THE TWO GOVERNMENTS OF THE POV TAX FORMULATION SET OUT IN PARA 2 ABOVE, THE FOREGOING CONSTITUTES THE RESOLUTION OF ALL OUTSTANDING ISSUES OF THE PROPOSED BILATERAL SOFA, AND COMPLETES THE WORK OF THE SOFA SUBGROUP. WE ARE NOW PREPARING A DRAFT EXCHANGE OF NOTES WHICH WILL BE FORWARDED
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SEPTEL FOR WASHINGTON CONSIDERATION, WHICH WOULD PERMIT THE IMPLEMENTATION OF THE NEW SOFA, AT THE CONCLUSION OF ROUND THREE, ON AN AD INTERIM BASIS. FORMAL EXECUTION OF THE SOFA WOULD THEN AWAIT THE CONCLUSION OF FURTHER AGREEMENTS NOW UNDER NEGOTIATION, INCLUDING PRPAAHS A NEW FACILITIES AGREEMENT TO REPLACE THE MILITARY FACILITIES AGREEMENT OF 1953, WHICH CONTAINS NUMEROUS SOFA-RELATED PROVISION.
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